

MEMORANDUM

TO: All Senators

FROM: Senator Christine Tartaglione

DATE:

SUBJECT: Closing the Delaware Loophole

In the near future, I plan on re-introducing legislation, formerly SB 164 of 217-18, that aims to follow the lead of over 30 other states and take a step to help close corporate tax loopholes. The Delaware Loophole provides an unfair advantage for certain corporations that are out of state but conduct business in Pennsylvania. Closing this loophole would enhance tax fairness for business that conduct business within the Commonwealth.

The existing loophole prevents the General Assembly from reducing the state's 9.99% Corporate Net Income (CNI) rate. This Legislation would close the loophole by implementing combined reporting to require state tax returns to be filed consistent with federal returns to recover lost revenue. These savings would help reduce the CNI to 7.5%.

Closing the loophole would help ease the tax burden for all Pennsylvania businesses, especially those which are newly established or struggling to remain open, while also increasing revenue to the state. I believe this will ultimately help to bring greater economic stability to Pennsylvania.

It is imperative that we pursue policies that help boost Pennsylvania's economy while assisting current employees and creating new jobs.

I invite you to co-sponsor this important legislation.